

Ohio Board of Regents

**Guidelines for Preparing
FY 2007-FY 2012 Capital Plans**

**Last Revised:
July 2005**

Guidelines for Preparing FY 2007-FY 2012 Capital Plans

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I. INTRODUCTION

As with past practice, publishing this set of guidelines officially launches the higher education capital planning and budgeting process for fiscal years 2007-2012. The guidelines include a schedule, definitions, planning assumptions, statewide considerations, and instructions for presenting a six year capital plan.

Procedurally, presentation of the FY 2007-2012 Capital Plan to the Board of Regents will be similar to the presentation two years ago. Your attention to this document is critical for the success of the capital plans. The planning and decision timetable is about the same; with relatively less time allowed for review at the state level. Our goal remains to decentralize much of the capital decision making to the campus level. However, we are available to assist you in anyway we can.

As in the past we have attempted to provide more time for plan preparation and development of responses once the preliminary plan is announced. In coordination with the Office of Budget and Management, we will attempt to schedule site visits to as many campuses as possible between August 2005 and June 2006. Our goal is to provide the higher education budget analyst with a visual sense of our needs by conveying the extent of deferred maintenance, and describing what our campuses are all about. This will again provide an opportunity for us to gain support for our capital needs. The purpose of these visits is not to persuade Regents staff of the need for projects. Once again, we will rely on campus judgment regarding capital priorities.

Your estimates should include all costs associated with your project including inflation and a Percent-for-Art determination, if applicable.

Your plans for the outlying biennia should include projects to which your institutions or the state would be comfortably committed. This exercise is helpful in providing for a broad planning picture. As required by law, ***we are requiring presentation of information for projects requested for the second and third biennium, but in less detail than we require for the first. In lieu of completing and submitting a request form for each project in the second and third biennia, an institution, if it so wishes, may simply submit as its second and third biennium plan a list of projects, in priority order, along with a brief project description and total cost estimate. For initial planning for each biennium use the formula allocation amounts presented at the Capital Consultation on May 26, 2005. We expect to update the formula allocation amounts in July 2005.***

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II. SCHEDULE

Capital Planning Consultations	May 26, 2005, July 25, 2005
On-Line Project Request Submittals Due	September 1, 2005
Capital Planning Request Narratives Due	September 23, 2005
Staff Visits	August 2005 - June 2006
Review of Campus Request by Board of Regents	September - November 2005
Capital Hearings (Only if Requested by Campus or Chancellor)	November 2005
Final Plan Approval by Regents	November or January 2006
Anticipated Passage of FY 2007-2008 Capital Bill	July 2006

**III. OVERVIEW: THE FUNDAMENTAL RATIONALE OF THE STATE'S CAPITAL
FUNDING SYSTEM**

In 1995 the State of Ohio adopted a fundamental change in its approach to capital investments in higher education. Prior to 1995, planning for the academic capital needs of our campuses was a centralized state function, with state agencies being principally responsible for deciding what improvements would be made, where they would be made, and at what cost. A list of approved projects would appear in the biennial capital bill and would be financed from the sale of state higher education improvement bonds, which would be retired from state debt service appropriations made to the Board of Regents in the operating appropriations bill. Campuses had every reason to try to maximize the funding they received in the capital bill, even if the result of every campus's efforts was an aggregate level of capital spending - and consequently a level of debt service payments - greater than anyone would want.

The system created in 1995 provides campuses with state capital support principally through a formula that determines each campus's share of available capital appropriations. Campus shares of that appropriation are determined by a formula that gives equal weight to the volume of educational activity on a campus and the age of campus academic facilities. The educational activity is principally

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credit instruction, but job-related noncredit instruction and sponsored research are also recognized. The age of facilities is measured by tabulating the number of square feet of Instructional and General space that is at least twenty years old, with space older than twenty years being weighted more heavily. From a campus's share of this formula allocation we subtract an amount equal to the debt service the state will pay for the new capital appropriations made for the campus in 2006 in the state capital bill. We anticipate that the debt service cost will be about seven percent of the amount of the appropriation for twenty years. For example, under this revised formula, the debt service equivalent of a \$1,000,000 capital appropriation will equal about \$77,000 per year for the next twenty years¹. (This calculation will be periodically updated to reflect any changes in the maturity or rates paid for bonds sold by the state.) When the result of that subtraction is negative, the difference is deducted from a campus's State Share of Instruction allocation. When the result of the subtraction is positive, the difference is appropriated to the campus in the Capital Component line item in the subsequent operating budget.

In this system, the state continues to provide its support for capital investments that are required by our campuses, but the campuses have a new responsibility as well, since in a very real way they are required to pay for those investments. We believe that this responsibility is an empowering one. Since campuses assume responsibility for "financing" their improvements, their decisions about what they require have a new legitimacy. Prior to the adoption of the 1995 funding plan, the state often rejected more than half of the amounts requested by campuses. Since the adoption of the 1995 plan, the Board of Regents has had success incorporating into its recommendations nearly every dollar that every campus requested that would be subject to this new policy. Responsibility for rationing had been shifted to the campus. Now those who are in the best position to judge the true value of capital improvements on a campus (the Board of Trustees and the officers they appoint) are the ones who have the principal voice in deciding what will be built.

Both the Capital Component allocation and the deduction for "debt service" begin one year after the capital bill has become effective. The final version of House Bill 66, the operating appropriations bill that became effective on July 1, 2005, will distribute the net Capital Component resulting from House Bills 748 (FY97-98), 850 (FY 99-00), 640 (FY 01-02), 675 (FY 03-04), and 16 (FY 05-06). As we begin a new capital cycle, we look forward to the next operating biennium, which we anticipate will have a Capital Component allocation reflecting six rounds of

¹ In earlier capital cycles, 10 percent of the appropriation had been deducted for 15 years. This deduction equaled debt service payments for 15-year bonds sold at 5%, which was the maturity and interest rate of bonds that were sold at that time by the state. The state has since shifted the terms of its bonds to 20 years, and interest rates have been around 4.5 percent. Therefore, the deduction has been revised to reflect the new maturity dates and interest rate.

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support, from capital appropriations made in 1996, 1998, 2000, 2002, 2005² and to be made in 2006.

FY 2006 - FY 2007 Update:

H.B. 16 of the 126th General Assembly directs the Regents, in consultation with state colleges and universities and OBM, to draft rules to govern the allocation of state capital appropriations to state colleges and universities. The actual provision of H.B. 16 is extracted below:

***“Sec. 3333.072.** The Ohio board of regents, after consulting with the state colleges and universities and with the office of budget and management, shall adopt rules in accordance with Chapter 119. of the Revised Code to govern the allocation of state capital appropriations to state colleges and universities. In drafting the rules, the board shall incorporate the recommendations of the final report of the commission to study higher education debt service, issued June 28, 1994, as these recommendations have been utilized and modified in procedures developed by the board and the office of budget and management since the report was issued.”*

As of July 2005, these rules have not yet been drafted.

² The FY 05-06 capital bill was delayed by seven months and was not passed until early 2005.

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IV. EXCEPTIONS TO THE POLICY OF CAMPUS FINANCIAL RESPONSIBILITY

Not all capital appropriations are subject to the new policy. Statewide appropriations, which are made to the Board of Regents to be allocated in various ways to campuses, are exempted, as are each campus's appropriation for Basic Renovations.

In addition, the "space shortage" policy established in the 1995 capital consultation remains in place. Certain campuses whose current square footage (including square footage funded by previous capital appropriations but not yet constructed) is substantially less than the statewide average, relative to the amount of activity on the campus, may be exempted from responsibility for some or all of the cost of new construction. Campus responsibility for the cost of construction grows as the campus square footage begins to approach statewide norms.

1995 SPACE SHORTAGE DECISION GUIDELINES

(Subject to availability of funds)

<u>Space Shortage Threshold</u>	<u>Campus Share of Cost</u>	<u>State Share of Cost</u>
Up to 70%	0%	100%
70-80%	20%	80%
80-90%	40%	60%
90% & over	100%	0%

The 1995 consultation encouraged the Board of Regents to exercise its judgment in implementing this policy, giving priority consideration to situations in which the shortage was most serious. Because of the possibility that we will not be able to finance everything we would like through the capital bill (see the paragraphs immediately following) we will have to continue to follow that advice and be selective in our use of the space shortage policy in the upcoming capital cycle.

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V. LIMITATIONS ON THE STATE'S DEBT CAPACITY, AND RELATED MATTERS

Since the early 1980's, the state has embraced a policy of limiting debt service payments to five percent or less of the state's annual revenue. This policy became a constitutional requirement by the state's electors in November of 1999.

Combining the constitutional requirement with a 1980 decision of the Ohio Public Facilities Commission to sell bonds for a period no longer than 15 years has sent a strong signal of fiscal conservatism to the bond markets. The markets continue to respond with favorable ratings for the state's debt. This in turn has provided the state with significant savings in interest costs. In 1996, the Office of Budget and Management (OBM) concluded that a reduction in debt-financed capital spending was required to stay within the five-percent limit. In their judgment, rates of spending authorized in the previous capital bill, if continued in the 1996 and later bills, would have pushed the state over the limit. The situation was aggravated by a state decision to begin addressing the facility needs of primary and secondary education through debt-financed appropriations in the state capital bill. In short, total borrowing would have to decline and an increasing part of the declining total would be devoted to purposes other than higher education.

The DeRolph decision continues to place heavy emphasis on the constitutional obligation of the state to address the facilities needs of primary and secondary education. The school facilities plan announced by Governor Taft on September 9, 1999 will need significant capital resources from the state. At one time, it was anticipated that the resources needed to fund the K-12 plan would be provided by a combination of tobacco settlement funds, direct state GRF appropriations, and state bond proceeds. The economic slowdown has made it necessary for the state to divert some of the planned tobacco settlement K-12 allocation to other purposes, and has limited direct GRF capital funding as well. As a result, an increasing share of the ambitious plan will need to be funded by state bonds. Future higher education capital requests for capital funding will have to compete for scarce resources in what is now an increasingly competitive environment, and it is unclear at this time how well higher education will fare.

Because of these limits on the state's debt capacity, House Bills 748, 850, 640, 675, and 16 (the capital bills adopted in 1996, 1998, 2000, 2002, and 2005) did not contain all of the amounts recommended by the Board of Regents. Some projects that campuses had requested (thereby indicating a willingness to pay for them through the mechanism of this new system) were reduced or even eliminated in order to keep within the state's debt capacity limits. However, up until the passage of H.B. 675, the state did agree to keep the Capital Component allocation at the level required to offset, in the aggregate, all of the deductions that would have been imposed had all of the Board of Regents' proposals been adopted in the capital bill. While it would have been preferable to have had the capital

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appropriations we had sought (since the state can borrow at lower rates and with smaller issuance costs than can our campuses), the state's willingness to maintain the Capital Component allocation at requested levels provided a promise of stability in state support for campus capital needs independent of the state's ability to finance all of those needs through state debt.

New Constraints Beginning in FY 2003 - FY 2004

The passage of H.B. 675 of the 124th General Assembly, however, ushered in revised directions from the state. During negotiations about H.B. 675, Regents-recommended capital appropriations were again cut by state lawmakers. In response to OBM's concern about the growth in the Capital Component appropriations, Board staff reduced the formula capital allocation proportionate to the percentage that the capital appropriations had been cut by the General Assembly. (The original formula allocation of \$35.4 million was reduced by more than 9%, to \$32.1 million.) This had the effect of reducing the new Capital Component allocations by a few percentage points. At that time OBM expressed its expectation that, henceforth, when considering higher education's capital control total, it would take into account not only the debt service that would result from the capital appropriations recommended by the Regents, but also any increase in the Capital Component. This new approach could limit the capital resources available for higher education, because future growth in the Capital Component could come at the expense of new state bond-backed appropriations, depending on how aggressively OBM applies this logic. That was not always the case in prior capital cycles. We fully expect this discipline to remain in place for the FY 2007 – FY 2008 capital biennium.

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**VI. IMPLICATIONS OF THE CAPITAL FUNDING SYSTEM
FOR CAMPUS CAPITAL PLANS**

The 1995 capital funding system provides incentives for a very different approach to the development of campus capital plans. As a reminder, here are some ideas to consider.

Carefully plan before committing to a construction appropriation.

Thoughtful prior planning is absolutely necessary. Campuses should take the time to consider whether there are less expensive alternatives to meeting their facilities needs. Can utilization of existing facilities be improved? This might be done through more effective scheduling of current classrooms or laboratories. Alternatively, it might require the renovation of existing space to allow it to be used more effectively. There are consulting firms that offer advice on such matters. Some campuses have the required analytical capacities on their own staffs. It is not important who does the analysis, but it is very important that the analysis be done so that a campus is confident that it understands its facilities needs before it begins the architectural work on a project. We would support the use of a state capital appropriation to pay for the work of outside consultants to answer these questions. The Capital Component line could also be used, even if in-house staff did the work.

There is a second aspect to the advice to do good planning first. In most cases, campuses requesting funding for a major project should seek a modest appropriation for architectural planning one biennium before it seeks a construction appropriation. The reason for this is that campuses begin having deductions taken from their Capital Component allocation in the year following the capital appropriation, even if the appropriation is not spent for several years. The general rule for campuses to follow is this: do not seek any capital appropriation that is subject to the new policy unless it seems highly likely that the appropriation can be obligated in the biennium for which the funding is requested. In discussing capital plans with campuses, we have identified several cases in which plans that would have required a substantial over-commitment of the amounts being allocated through the Capital Component formula could be implemented without significant delay within the amounts provided by the formula simply by delaying the timing of the construction appropriations to the biennium in which contracts were likely to be let. In this new system, as in life, time is money.

Consider alternative ways of financing equipment purchases.

This capital funding system matches the debt service deductions made from a campus's Capital Component allocation to the debt service obligation the state incurs by selling bonds to finance the project. In general, Ohio now sells its bonds

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for 20-year terms. Campuses may seek funding for substantial amounts of equipment as part of their own requests (either as a component of a construction project or as a separate line), but they should consider alternative methods of financing the purchase that would not create a 20-year obligation. These alternatives might include direct expenditures from the Capital Component allocation or local debt structured to be retired during the useful life of the equipment.

Keep in mind the operating budget implications of your capital plans.

There are times when a campus must expand its facilities significantly if it is to accomplish its mission more effectively, but the benefit of expansion must be weighed against its cost. Not only does a major new construction project generate a substantial deduction from the Capital Component allocation, it also creates a series of longstanding operating budget commitments for utilities, building upkeep, and staffing. These commitments might be justified by the improvements or expansion in service that they permit. Nevertheless, a prudent campus will create these commitments very cautiously. In this regard, it is important to remember that a change in the instructional subsidy formula for plant operation and maintenance costs means that the construction of additional square footage no longer leads automatically to an increase in state operating support. While campuses will receive plant support on the basis of the higher of two calculations (one based on activity and the other based on square footage), the square footage used in those calculations will not include new construction funded in the 1996 or later capital bills.

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**VII. THE USE OF STATE CAPITAL APPROPRIATIONS
BY STATE COLLEGES AND UNIVERSITIES**

General Rule

State capital appropriations provided to state colleges and universities through the Board of Regents capital recommendations process – which include the Capital Allocation, Basic Renovations, and Instructional Equipment formulas – are generally intended to be used for Educational and General (E&G) purposes. These purposes include facilities and facility infrastructure that are used for or enable instruction, academic support, plant operations and maintenance, student services, institutional support, public service, and research. Auxiliary operations, such as residence and dining halls, bookstores, parking garages, student recreation centers or unions, intercollegiate athletic facilities, hotels, hospitals and the like, are expected to be self-financed from user fees, private gifts, or other sources of funds. Portions of auxiliary facilities used for E&G purposes may be supported by state funds, provided that such use is documented to the Regents in the campus' capital request and that the portion funded by the state is roughly proportionate to the portion of the facility used for E&G purposes.

Exceptions to the Rule

Exceptions to this general rule are expected to be rare, and will be reviewed on a case by case basis. The conditions under which such approval may be granted include instances where a campus has experienced a significant and unpredictable loss of auxiliary facilities that threatens campus viability, or for purposes related to public health or safety. In addition, this rule does not apply to state capital appropriations that are provided outside of the Regents-approved process. So-called “community projects” or other legislative additions to the Regents capital recommendations will be subject to whatever provisions the legislature establishes in making the appropriation.

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VIII. THE CONTINUING NEED FOR SUBMISSION OF CAPITAL PLANS

With the Board of Regents' intent to continue the decentralization of decision-making to the campus level, one might reasonably wonder why there is a continuing need for a capital plan submission at all. It is a fair question. Several reasons remain for requiring the submission of a plan.

The formal process has not changed.

Even though decision-making has been shifted to the campus, the formal process remains the same. The Board of Regents still makes recommendations to the Governor and the General Assembly, capital bills are still enacted with specific projects listed for each campus, state bonds are still sold to finance those projects, and a debt service appropriation still appears in the capital bill to retire the bonds. Those involved in each step of the process reasonably require an understanding of the projects campuses are planning, the reasons those projects are needed, and the larger context in which specific project decisions are being made. Legislators should not be asked to vote for a capital bill if information on the projects contained in the bill is unavailable. The capital plan is the vehicle for providing this information.

The state wants to know how campuses are exercising their capital responsibilities.

Since the state has only recently given campuses a major increase in authority and responsibility for capital decisions, it wants to know how campuses are approaching their new responsibilities. The capital plan is the most opportune vehicle for sharing with state government the thinking of a campus about its capital needs and its strategy for addressing those needs.

- New Construction. If a campus is proposing new construction, the state wants to know why the campus believes the new facility is necessary. Is it to replace existing space? If so, what consideration has been given to rehabilitating that space rather than constructing new? Is it to expand the physical plant? Why does that seem necessary? What thought has been given to better utilization of existing space as an alternative? What plans have been made to deal with the operating costs of running a larger plant?
- Maintaining the Physical Plant. While some campuses must plan for new facilities, every campus must ensure that their current physical plant is kept safe, functional, and preserved for future use. Older campuses have a particular challenge. Their needs are recognized through the aged space portion of the Capital Component formula. All plans should include a narrative on the approach being taken to preserve the investment in their facilities, including a description of the magnitude of its deferred maintenance problem. *Campuses*

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receiving a significant amount of formula funding for aged space (that is, those who receive a third or more of their total formula allocation from the aged space portion of the formula) should specifically describe their plans for the use of this money to reduce aged space over time, either through renovation or through replacement of the facilities in question.

- Responding to the Challenge of Technology. Every college and university should be planning to continue their information technology investments. The capital plan should provide a discussion of the institution's progress to date and its plans for the future. Since many colleges and universities use campus funds to supplement state information technology investments, the narrative should be comprehensive, describing past and future investments regardless of funding source.

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IX. CAPITAL PLAN PRESENTATION

The basic outline of the capital plan remains the same, as shown here:

- I. Capital Plan Overview
A narrative overview of the institution's total capital plan.
- II. Six-Year Capital Program
A chart showing all capital projects planned AND the funding sources (state, institutional, federal, etc.) for each.
- III. State Funded Capital Request Summary
A listing of capital project requests for state funding during the Six-Year Capital Program by biennium in priority order.
- IV. Enrollment Projections
An estimate of the expected student population during the Six-Year Capital Plan period.
- V. Other campus data relevant to the request
Other relevant enrollment, program, or campus information as you deem appropriate.

Individual Project Requests to be Submitted Via HEI

Individual project requests are to be submitted electronically via HEI and accepted and processed prior to the submission of the Capital Plan narrative. See Section X below for more details.

Campuses are required to submit individual project requests for first biennium projects only. In lieu of submitting individual project requests for the 2nd and 3rd biennia, a campus may use the State Funded Capital Request Summary, with a brief description and total cost estimate for each project, to satisfy the reporting requirement.

Section I - Capital Plan Overview: In general, a six-year capital plan should be derived from a strategic planning process and/or a longer term facilities plan and should describe what capital investments an institution anticipates making during the six-year planning horizon in order to move towards the longer term facilities objectives of the institution. It is important that a capital plan reflect the TOTAL capital investments anticipated, regardless of funding source, so that those who plan, those who implement projects, and those who provide funding may all have a thorough and complete view of the institution's objectives and priorities.

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As was requested during the last planning cycle, each institution should present a total biennial capital plan, which will include projects to be funded by state as well as non-state funds for FY 07-08. Insight into the institution's longer-term objectives, its total capital needs, investment priorities, and funding opportunities and options should continue to receive consideration. Better judgments can be made when decisions are made in the context of a long-term set of needs.

The capital plan overview is the first and perhaps the most important element of the capital plan to be submitted by each institution. In essence, this should be the **comprehensive narrative statement** that pulls together and describes clearly what the institution plans to invest and why. It is much more than a simple listing of projects because it describes the programmatic rationale that lies behind the development of that listing.

This statement is critical to our understanding of your capital goals and direction. It should address the issues raised earlier in this guidance, under the heading "The Continuing Need for Submission of Capital Plans."

Supplemental information and materials, which are submitted to accompany the capital plan overview, should be packaged separately from the remainder of the capital budget proposal.

Where technical colleges share campuses with university branches, a joint planning statement, approved by both institutions, should be submitted which not only outlines the capital plans, but also the joint planning process which was followed to develop the shared plan.

Section II - The Comprehensive Six-Year Capital Program: Following the Capital Plan Overview should be a table or chart which depicts the over all capital program planned by the institution for the six-year planning cycle, FY 2007-2012. A suggested format for this table is to list each capital project planned biennium by biennium down the side of the chart with the funding sources in columns along the top. Such a summary chart will readily depict the total capital programming picture for the institution, including projects to be funded by state sources as well as projects funded by other sources.

Section III - State Funded Capital Request Summary: The next segment of the presentation includes a listing IN PRIORITY ORDER of project requests for which state funds are being asked. The list merely needs to include the priority number, a project title, and the amount of the state funding being requested. NOTE: Do not list or include requests for reappropriating any funds already appropriated. Decisions relating to reappropriations will be made as a separate task later in the year.

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Note: No project request form is required for Basic Renovations

Basic Renovations money will be recommended and allocated by applying the established formula; some Basic Renovations funds will be allocated to each campus. No project request form should be submitted for Basic Renovations.

However, if more than the sum allotted by the Basic Renovations formula method is requested for these projects, a request form will be necessary for that amount which exceeds the formula allocation since supplemental requests must compete with all other projects. At this time, for planning purposes assume a formula amount equal to the past biennium. We anticipate providing updated formula amounts for FY 07-08 in late July or early August, 2005.

To avoid confusion, title your request for Basic Renovations dollars that exceed your campus' Basic Renovations allocation "Supplemental Renovations". Line items appropriated under the title "Supplemental Renovations" will be administered in the same manner as the formula based Basic Renovations. However, campuses will be responsible for the debt service on Supplemental Renovation appropriations.

A Supplemental Renovations request, including justification, should be placed in the institution's priority ranking in such a manner as to depict its relative importance to the institution vis-a-vis other requests.

Uses for Basic and Supplemental Renovations funds: The intent of the Basic Renovation distribution is to provide funding for those nagging structural and infrastructure problems that each campus must deal with. New buildings or building additions are not considered basic renovations. Movable equipment and furnishings, which are clearly incidental to and an integral part of a renovation project, will still be eligible for funding. Basic renovation "projects" which consist essentially of equipment or furnishings, however, will not be fundable. Basic renovation funds may be used for asbestos abatement or other environmental enhancement programs i.e., ADA, PCP.

It is intended that the Basic Renovation appropriations be utilized for relatively small projects in a flexible manner, permitting the institution considerable leeway in determining just how such funds would be used for capital improvements. Once funds are appropriated, in order to execute programs efficiently, it will be possible to combine similar renovation projects for design and construction purposes (e.g., combining roof replacement projects).

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Note: No project request form is needed for reappropriations

As before, it will not be necessary for institutions to submit request forms for projects for which appropriations have already been made in previous bills. Institutions wishing to have funds reappropriated will have an opportunity to submit requests in a process distinct from this capital budgeting process. If an institution wishes to "trade-off" a current appropriation for a new project (e.g., the current project no longer proves viable due to external circumstances), the new project requested should point out this possibility.

Section IV - Enrollment Projections: Supplying enrollment data and forecasts is a requirement for this capital planning cycle. If the rationale backing a request is enrollment driven, it is expected the campus will provide a complete analysis of enrollment data to support that proposal.

Section V - Other Information: We welcome any other information you think is necessary for us to better understand your project request or requests. This information is especially welcome for projects that are in some way unique or extraordinary for a campus of your size or mission.

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X. CAPITAL PLAN FORMAT - ORGANIZATION FOR SUBMISSION

Campuses are urged this cycle to submit their capital electronically as a PDF formatted document. Otherwise, **SIX** hard copies of the capital plan should be submitted.

Material submitted should be in the following order:

- a. Table of Contents
- b. Capital Plan Overview
- c. Six-Year Capital Program
- d. State Funded Capital Request Summary
- e. Enrollment Projections
- f. Other Campus Data Relevant to Request (Optional)

All materials included in the basic Capital Plan volume must be submitted on standard 8 ½ " by 11" paper, or 8 ½" by 11" document size if submitted electronically.

If a campus chooses to submit hard copies of their capital plan, materials should be bound at the LEFT margin, preferably with an Acco binder and fasteners. For both electronic and hard copy submittals, page numbers should be at the bottom of the page, preferably centered.

Supplemental materials to support particular requests should be bound in a separate volume. Campuses are urged to submit supplemental materials electronically in PDF format. If a project request has supplemental material, please refer to that fact on the project request form.

Send capital plan information to:

James Nargang
Assistant Director for Capital Development
30 E. Broad Street, 36th Floor
Columbus, Ohio
43215-3414

For electronic submittals in PDF format - E-mail: jnargang@regents.state.oh.us

Questions? Contact James Nargang at (614) 752-9472.

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XI. FILLING IN PROJECT REQUEST FORMS IN HEI

Campuses will be required to submit individual project requests electronically through HEI. This feature simplifies the process of submitting, revising, reviewing, and analyzing campus requests.

A request form should be submitted for each project for each of the three biennia ***unless you wish to exercise the option to simply list proposed projects for the second and third biennia.*** DO NOT submit project requests for

- a. Reappropriating funds.
- b. Instructional equipment normally acquired through the statewide equipment appropriation.
- c. Basic Renovations if only the Basic Renovations' formula amount is requested.

The project request form is a web based form. If longer project description and/or justification narrative is needed, supplemental sheets may be necessary. For major, high priority projects, supplemental information fully outlining the nature, need and scope of the project request is necessary. Supplements should be referred to on the project request forms, but should be packaged separately with the Capital Planning Request Narratives.

The HEI project request form

A Capital Planning Liaison has been appointed at each public institution. The Capital Planning Liaison is the only person who can determine who may submit the HEI capital projects request form for that institution. A list of Capital Planning Liaisons is available at [http://qry.regents.state.oh.us/cgi-pub/hotlink?\\$people_page?@PAGE=%22capital%20planning%20liaison%22](http://qry.regents.state.oh.us/cgi-pub/hotlink?$people_page?@PAGE=%22capital%20planning%20liaison%22). Definitions and instructions for completing the HEI capital projects request form are located at:

<http://www.regents.state.oh.us/he/capitalplanning/capitalprojectsdocumentation.html>

and

<http://www.regents.state.oh.us/he/capitalplanning/enteringcpfddata.doc>

**Ohio Board of Regents
Guidelines for Preparing FY 2007-2012 Capital Plans
July 2005**

**APPENDIX A
GENERAL DEFINITIONS**

So that persons compiling six-year capital plans at each institution may work with the same standards, definitions of basic terms are set forth below. As is so often the case, definitions cannot be absolutely precise and all encompassing. Nevertheless, these should be helpful.

1. CAPITAL ASSET: A physical resource, which includes land, improvements to land, buildings, additions to buildings, and equipment. A physical resource, which has been capitalized and recorded as a part of an institution's Investment in Plant Fund. A physical resource having a minimum expected life of five years.

2. CAPITAL IMPROVEMENT: The expenditure of funds to acquire or improve a capital asset which will increase the investment in plant value of an institution by an equal or greater sum, and which has a useful life or which will extend the useful life of an existing capital asset five years or more. Capital improvements include the purchase and installation of fixed or movable equipment or the acquisition, construction, reconstruction, renovation or improvement of real property, including land and buildings or appurtenances thereto. While expending current or borrowed monies may make capital improvements, the state capital improvements plan and appropriations consist only of projects to be supported with funds borrowed by the state.

3. PROPERTY (OR SITE) ACQUISITION: The acquisition of land and/or structures. A net gain in space used for instructional purposes may result.

4. PROPERTY DEVELOPMENT: Clearance and demolition to prepare for construction of structures and improvements to land such as grading, draining, and landscaping.

5. RENOVATION: A capital improvement to an existing fixed asset. A renovation project may relate to utilities or to buildings. If space is reconfigured as part of the project, a net addition in assignable space may result, but normally the added space will be minimal. For a renovation project, movable equipment and furnishings may be included only if incidental to the renovation work; a project scope consisting predominantly of furniture or movable equipment replacement is not considered renovation. Constructing a new building or addition is not considered a renovation project.

6. NEW BUILDING CONSTRUCTION: Construction of a new, freestanding facility or structure or the addition to an existing facility or structure. New building construction may be the replacement of space, in which case the project is

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accompanied by a concomitant razing or elimination of space or it may be a net addition of facilities.

7. SPACE PLANNING GUIDELINES: Guidelines published in 1974 by the Ohio Board of Regents for two-year or four year institutions. Since the guidelines are 23 years old, they are not considered a significant factor in capital budget decision-making. However, campuses may still find them useful in helping assess the need for additional space (See Planning Assumptions). Please contact the Capital Planning office at (614) 466-2010 if you need a copy of the guidelines.

8. UTILITIES: Includes water, sanitary and storm drainage, electric, natural gas, telephone, data communications, steam, chilled water lines and related facilities as well as parking lots, parking structures, roadways, sidewalks and exterior lighting systems.

9. MAINTENANCE: An expenditure to repair or preserve a capital facility which does not extend the useful life of the capital asset by five years or more, or which may need to be performed more frequently than once every five years, or which is not capitalized by adding to the institution's Investment in Plant Fund. Capital appropriations may not be used to fund a project, which has as its principal purpose maintenance or repair. A capital project may include some maintenance-type expenditures so long as such expenditures are a small proportion of the total project. For example, repainting a facility is a maintenance task; however, repainting may be included as part of a renovation project so long as it is an incidental feature of the project.

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**APPENDIX B
DESCRIPTION OF TYPES OF CAPITAL PROJECTS**

A variety of capital investment options exist to accomplish educational objectives. Obviously, the lowest cost options are preferred. The classes of capital projects which should be considered are:

1. RENOVATING existing facilities. Renovation (see definitions, above) may be less costly than building a brand new facility. Costs to renovate a facility should be carefully estimated and compared to costs for constructing a replacement facility. In most cases, it is expected that renovation is more cost effective, yet such is not always the situation. No significant space addition results.
2. REPLACING existing facilities. By definition, replacement is building new with a concomitant offsetting of space by demolition or other means. It may be that a replacement facility can be smaller and more efficient than the facility being replaced while quite adequately meeting program requirements. A replacement may be larger or smaller than the facility being replaced. In either case, no significant addition to or reduction of space results.
3. ADDING TO an existing facility. This implies a net addition of space and a thorough review of needs and program requirements is in order before such an alternative is approved.
4. ADDING NEW facility. Normally even more costly than adding to an existing facility, a new, additional building deserves careful analysis as to needs and costs. A significant addition of space will result.

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